

Human Events *A Weekly Analysis for the American Citizen*

Editorial Office 1710 Rhode Island Ave., N. W., WASHINGTON 6, D. C. Telephone NATIONAL 2066

VOL. VI, NO. 44, Issue Number 301, NOVEMBER 2, 1949 ★ Editors: FELIX MORLEY & FRANK C. HANIGHEN

THE WEAKNESS OF WESTERN EUROPE

by Felix Morley

Because Soviet diplomacy was extremely skillful, and that of the United States almost incredibly inept, the cold war was lost in China. The fruits of our military victory in the Pacific have been largely wasted and the major question in that area now is whether southeastern Asia, including Malaya, will follow China into the Communist camp.

Having lost the war in Asia, and having before that turned Eastern Europe over to the Communists, we are now endeavoring to salvage the thickly-populated fringe of coastal territory which, for lack of a better name, is called Western Europe. The expression is inexact, for inland centers which were always Western in their outlook, like Dresden and Leipzig, Prague and Budapest, are now wholly under Russian control, as are Berlin and Vienna in part. Only the lower reaches of the Elbe River, sometimes regarded as the cultural divide between Eastern and Western Europe, are today outside the Russian sphere.

However one can still take a through train, from Copenhagen to Rome, running for most of its route just a few miles this side of the Iron Curtain. That irregular line, from Scandinavia to Italy, is now the frontier of what we call Western Europe. To cross it is to accept, willingly or unwillingly, a wholly different concept of civilization.

There is a tendency to think that on this side of the arbitrary frontier, the cold war has been won; that the advance of Asia towards the Atlantic is definitely stopped. After some careful investigation on what is now the periphery of Western Europe, I cannot share that belief.

II

In Germany, France and Britain alike there is today much superficial evidence of recovery. Production is up, though thanks to dismantling and other arbitrary restrictions it is still far below pre-war levels in Western Germany. The physical damage of war is no longer oppressive in England, and except for the channel ports is scarcely noticeable in France. Even in bomb-shattered Germany a start towards physical reconstruction has been made in many cities. Everywhere, also, shop windows are well stocked with wares of all descriptions and here

Copyright 1949 by HUMAN EVENTS, INC.

Western Germany does not suffer by comparison. Those who have money in Germany -- and some do -- are living better than the nominally wealthy in strictly regulated and rationed Britain.

But any look beneath the surface, in any of these countries, reveals that the degree of recovery achieved by Western Europe is primarily the result of American subventions, and is also contingent upon their continuation. Production is only half the battle. Markets for the products of Western Europe must also be restored and in this field there is continuous retrogression rather than progress.

It is the belief of those who direct Communist policy that in the long run Western Europe will be doomed by the contraction of its markets, while the United States will be permanently weakened by futile blood transfusions to Europe under the Marshall Plan. The glib Soviet denunciations of our aid to Europe should be taken with a grain of salt. There is an element in the Kremlin which would like to see this flow of wealth to Europe increased rather than diminished. Communist leaders are quite intelligent enough to see that in our present temper we are more likely to continue the Marshall Plan if it is denounced by them.

Nobody can claim that the net political effect of the Marshall Plan to date has been constructive. In political as well as other forms of progress, necessity is the mother of invention. And what the Marshall Plan has done, in effect, is temporarily to remove all sense of necessity from European statesmanship. Under present conditions, indulgence in historic hates and prejudices is a luxury that Western Europe simply cannot afford. Unfortunately, American aid serves to obscure this elementary lesson. Western Europe is able to remain narrowly nationalistic and disunited simply because we have so far removed the pressures which would make unification there the only alternative to Communist triumph.

This is not a theory spun out of my own head. It is merely reporting what many thoughtful Europeans are saying. The failure of even such modest moves towards unity as Benelux and the projected French-Italian customs union are generally traced back to Marshall Plan aid. And -- except for politicians with a vested interest in nationalistic rivalries -- there is obvious relief in Western Europe at the growing tendency of Congress to demand some tangible quid pro quo for our largesse.

Many Europeans ask why Mr. Hoffman has been so slow to exert the pressure which his title implies. What is the value of an Administrator of Economic Co-operation, they say, if there is no economic co-operation for him to administer?

III

In Western Europe today there is no economic co-operation worthy of the name. When the Marshall Plan was drawn up in Paris, over two years ago, it was frankly admitted that success would be contingent on the restoration of East-West trade in Europe. Since then, trade between East and West Europe has not been restored. It has declined further.

And simultaneously trade between the little countries of Western Europe is being increasingly hampered by embargoes, quotas and financial restrictions of every conceivable character. On balance the British Socialists have been the chief offenders in substituting barter for trade and in cutting down the facilities for exchange that free markets naturally develop. It is perhaps no mere coincidence that the government which has received the most in American subsidies has done the least for European commercial and financial unification.

There is a growing, and of course an uneasy, realization of this situation among the tired and disillusioned men who direct the Labor Party policy. But they are caught in the toils of National Socialism, which under Stafford Cripps as under Hjalmar Schacht must move further and further towards autarky, further and further away from free trade and indeed from freedom as such. Prime Minister Attlee's current praise of the Welfare State is painfully reminiscent of passages in Mein Kampf.

Thanks to the Marshall Plan the British Socialists have still one nostrum which they can try before they must cease to oppose the unification of Western Europe. That nostrum is the effort to close the "dollar gap" by purchasing less from, and selling more to, the United States.

One must wish them well in this heroic effort, demanding ever more austerity as a permanent part of English life. But it is on the face of things unlikely that a country of specialized manufacture, with a high tradition of craftsmanship, can achieve a favorable trade balance with a country that has developed mass production as we have done. So far the British have not been able to achieve a balance even with all the ERP allotments. That was emphasized by devaluation of the pound.

With adequate American good will and continued Marshall Plan aid it is theoretically possible that Britain could close the dollar gap, though the chances of France, requiring fewer imports of food and raw materials, would seem to be better here. But this theoretical possibility cannot conceal the basic absurdity of a situation in which the little European nations refuse to form a unified market of their own and instead pin all their hopes of recovery on competitive dumping of their wares on an American market that no longer really needs their produce.

IV

There is another and perhaps more urgent reason for thinking that the United States will have to bring pressure for unification on Western Europe. It is the evidence of developing Russo-German co-operation.

Americans must realize that Germany, divided, prostrate and battered though the country is, has nevertheless a power of choice which every day becomes more apparent and more real. The German people can either side with the West against Soviet Russia, or with Soviet Russia against the West. We assume too easily that this decision has already been made, and in our favor.

My observation is that the Germans are even now carefully weighing the advantages and disadvantages of the choice which has been given to them by Soviet-American antagonism. Most of those with whom I talked would personally prefer to be incorporated in Western Europe. It is therefore the more significant that few feel certain about the outcome.

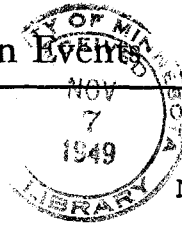
In their political thinking Americans like to have everything very simple, and certainly our politicians do all they can to encourage this tendency. For high moral reasons we wanted to destroy National Socialism in Germany. So, after a period of alliance with the devil, did the Communists. This was taken to mean that Communism had reformed; that the Comintern was really dissolved; that the United Nations could get off to a good start on the assumption of enduring Russo-American friendship. To anybody who had made any study of Communism, or who even knew any European history, this was all very silly and even dangerous. But it was simple and was believed and consequently led to catastrophe.

It is equally simple and equally fallacious to think now that there is any permanent gain because Berlin was temporarily saved by the airlift; because Tito is talking up to Stalin; because in recent free elections the Communist strength has declined throughout Western Europe.

The sad truth is that Russia still has a stranglehold on Berlin; that Russia is handling the problem of Tito very adroitly, and that whether or not some thousands of fellow travellers vote Communist or Socialist makes very little difference to the Soviet threat to Western Europe, so long as the hard, disciplined corps of cleverly infiltrated Reds, remains wholly dependable.

Moscow has made some bad mistakes in handling the German problem. We know about those. What we do not dwell upon are our own blunders, and the clever subtleties of Moscow's present policy in Germany. These will therefore be given some examination in HUMAN EVENTS next week.

Quotation up to a paragraph is permitted with credit to HUMAN EVENTS. For reproduction or more extensive quotation address requests to HUMAN EVENTS, 1710 Rhode Island Avenue, N. W., Washington 6, D. C. Trial subscription, three months for \$3. Six months, \$5.50. One year, \$10. Two years, \$18. Domestic airmail (including APO and FPO) one year, \$12.00; foreign (regular mail) one year, \$11. Foreign airmail rates on request. Please remit in U.S.A. DOLLARS. Allow two weeks for new subscriptions or change of address to become effective.



November 2, 1949

By Frank C. Hanighen

DOLLAR DEVALUATION: One of the most disturbing signs on the financial horizon is the prevalence of the story concerning an alleged plan to devalue the dollar. This yarn keeps bobbing up and many a newsroom in Washington has checked on it, only to come to the conclusion that there is no foundation to the story. Secretary of the Treasury Snyder has denied the report, and much credence is given to his statement. Nevertheless, many here remain suspicious. They believe that Snyder is telling the truth, but they wonder if Snyder can always hold the dike against "wild" monetary plans emanating from other divisions of the Executive. They are impressed by the Treasury's explanation that devaluation of the dollar would make no sense, after our recent successful efforts to bring about devaluation of other currencies; but still they eye the matter warily. A prominent monetary observer here remarked to us the other day: "Devaluation of the dollar, raising the purchase price of gold substantially, would give the Treasury sufficient billions on the books so that the budgetary deficit could be offset. Snyder would undoubtedly oppose the scheme, but the politicians want devaluation so that the Federal Government would have plenty to spend in an election year."

Another monetary expert friend thought that the "bull market" on the Stock Exchange was prompted by a feeling in the Street that the dollar is "going to the dogs", because of Government policies. He pointed out that the pound sterling, in spite of its drastic devaluation to \$2.80, is not sticking. "I can buy", he said, "all the pounds I want for \$2.68." He added that sterling holders simply have no confidence in the pound because of the Labor Government policies.

* * * * *

"THE ROAD AHEAD": Mr. Guy Gabrielson, so the story goes, recently held an off-the-record conference with a group of well-informed Washington observers. The latter were hoping to hear concrete information about new GOP moves, Party positions on this or that problem, organizational details, etc. They were disappointed. Instead the National Chairman discoursed on the necessity of changing public opinion in the country, of indoctrination of the press, radio, colleges, pulpits in the traditional American principles. That, he reportedly said, was the necessary foundation to be laid before a strongly Republican structure could be reared. If this story is true, Mr. Gabrielson is far wiser than previous Chairmen, or indeed most of the Republican leaders. Too many of the latter think only in terms of raising money when an election year rolls around, not of long-term plans for educating the public.

The above anecdote came to our mind while reading that excellent book, The Road Ahead, by John T. Flynn. Its review of the "creeping Socialism" in Britain and the United States is a first-rate piece of journalism. But the author's recommendations in his concluding chapter entitled "What to Do" are even shrewder: "We are in a war -- a social war -- and we must understand that character of it. Our enemies have ruthlessly and, in places, savagely, carried on a campaign to get possession of all the instruments of opinion and information. They have not captured all of them. But while one large section of our schools and press have attended to their proper function of educating our youth and of printing the news fairly and freely, these revolutionary forces have managed to lay hold of many of the instrumentalities of the classroom, the platform, the pulpit, the movies and the radio upon an amazing scale and to use them, not for their legitimate purposes of education, information and entertainment, but to carry on a concerted attack upon the minds of the American people, to mold the opinions of readers and audiences and to drive from the press,

the air, the movies and the bookshops, by organized boycotts and organized smearing, all who have dared to stand up for our American way of life. This challenge must be accepted boldly, resolutely and militantly. We must launch a broad, vigorous campaign to educate our electorate on the true nature of the grave crisis which menaces our civilization."

* * * * *

NEW ENGLAND STEEL PLANT: Plans for a large steel plant to be located in New England are far advanced. Earlier this year we reported the tentative efforts of the New England Council, a regional business organization, to promote this enterprise. That region was stirred at the time by the problems resulting from the Supreme Court basing-point decision and was anxious to prevent many hard goods industries from moving out of the area. Today, what originally appeared to be a decidedly uncertain prospect seems assured. We learn that the financing -- some \$250 million is required -- is already pledged. Several sites have been spotted and the local authorities vie with each other in offering various inducements. It is believed that the plant will be located in Connecticut, and Governor Chester Bowles has moved to facilitate condemnation, water rights, etc. The only important matter not yet settled has been held up by the country-wide steel strike. The New England Council needs one of the old steel companies to provide the know-how and has been negotiating with several such concerns. Announcement of the successful bidder has been promised as soon as the unions and the industry settle their dispute.

The times have favored progress of the venture. The recession struck New England with no little severity. The problem of unemployment vexed several state governments already worried by the decision of a number of textile firms to move to other parts of the country. Therefore, both Governors and delegations in Congress have worked tirelessly to assist the New England Council's efforts. Senator McMahon of Connecticut has been particularly active in behalf of the project. We hear that Federal funds exceeding \$100 million will go towards helping the financing of the enterprise. The plan seems to be that these Federal funds will be loaned to a State Authority, which will issue bonds, the proceeds of which will in turn be loaned to the new steel company. This requires state legislation; and it is reported that Governor Bowles of Connecticut is prepared to call a special session of his legislature to set up the State Authority and to authorize the bonds. It is asserted that such an arrangement does not mean state or Federal control of the enterprise, that the bulk of the underwriting will come from private investors and that the private backers will retain complete control of the company. If this should prove to be so, the new steel company may provide a pattern valuable to private enterprise. In a year marked by Federal Government proposals to go into the steel business, success for the private enterprise of New England may serve as an important precedent.

* * * * *

HOLMES AND FRANKFURTER: For a long time, we have regarded the progress of the Justice Holmes legend with suspicion, in part because of the character of many disciples of the famous Supreme Court figure. And recently we read a characteristic "debunking" of Holmes by H. L. Mencken, in Chrestomathy (the Mencken anthology reviewed in Book Events on August 3, 1949 by Frank Chodorov). A learned friend, writer on jurisprudence, told us that the Mencken piece, written a decade ago, was the soundest critique of Holmes that he had seen. Now comes Raymond Moley, in his excellent book 27 Masters of Politics (Funk and Wagnalls), with a chapter on Justice Frankfurter, which bears the title, "Holmes and the Sorcerer's Apprentices". Moley here, as throughout the book, admirably blends an intimate and realistic knowledge of events and figures of the New Deal era with a thorough grasp of the principles to which these figures did so much damage.

"In the years when I was in or close to the Administration", says Moley, "there accumulated in my files scores of notes and telegrams from Frankfurter -- suggestions regarding legislation, ideas for Presidential speeches and recommendations for jobs." These recommendations filled the Washington scene with "Frankfurter men". And Frankfurter and his men lay under the spell of Holmes. "Justice Holmes", writes Moley, "was at least three personalities. There was Holmes the great gentleman and lover of the truth; Holmes the truly great judge who scrupulously applied the law of the land; and Holmes the off-hour cynic, wit and philosopher. It was the latter who inflamed the imagination of his devotees more than he knew or calculated." These disciples, well placed in Government, heard many inflammatory things from their idol. For example, ethics was defined by Holmes as a "body of imperfect social generalities expressed in terms of emotion." Also, "I think that the sacredness of human life is a purely municipal ideal of no validity outside the jurisdiction." Also, "I hate facts. I always say that the chief end of man is to form general propositions -- adding that no general proposition is worth a damn." Moley remarks, "It is a fact which I know to be true that they [these quips of Holmes] deeply affected the point of view and attitude towards politics and government of disciples who were also Frankfurter proteges."

* * * * *

GERMAN NATIONALISM: Alarm about German nationalism continues in our press. It would, of course, be silly to deny that any spirit of nationalism is rising in our "crown colony" across the Rhine, that any signs of former Nazi spirit are absent. Such disturbing indications as there are obviously do not spring from any incorrigible wickedness of the German character, but from our own handling of Germany. There is a particularly understanding article in the London Bankers Magazine by M. J. Bonn, in which he says:

"The Germans did not fight the election campaign with consummate tact: they have been taken to task for it by horrified commentators, who were shocked at the resurgence of nationalism. This grieved surprise is a much more sinister portent of the European situation than the cause which gave rise to it. For it shows that many well trained observers actually expected the establishment of a mellow and moderate democracy from four years of a by no means always and everywhere benevolent military government, and the creation of a spirit of international conciliation from the presence of armies of occupation which were, as was but natural, not always and everywhere perfectly well behaved. Armies of occupation are excellent instruments for maintaining order and for enforcing concrete peace terms; they are not particularly well qualified as teachers of democratic government. . . . But army government, however well meaning, is dictatorial; it is the negation of civil government; only Nazi and Communist political systems resemble it. It is government by command and decree, and it cannot by its own example teach government by conference and debate. An army of occupation is a challenge to national sentiment, its presence, not its behaviour, provides the irritant." And Mr. Bonn well reminds us: "When the fate of Berlin had hung in the balance, the Western military governments had been delighted to see national feeling in Western Germany coming to their moral assistance."

* * * * *

We apologize to our readers and to our colleague, Felix Morley, for misquoting him in our item, in last week's Not Merely Gossip, entitled "European Conditions". We incorrectly quoted Mr. Morley as saying that "about five French divisions are fighting the native insurrection" in Indo-China. The facts are that two French divisions are locked up in that colonial war; the whole French Army boasts only five divisions.

Book Events

November 2, 1949

The TVA Idea, by Dean Russell. Foundation for Economic Education, Irvington-on-Hudson, N.Y. 75 cents. Reviewed by Frank Chodorov.

Dean Russell has aptly titled this 100-page study of the Tennessee Valley Authority. For, while paying his respects to the economic pretensions of this pyramid of the Southwest, he concentrates on its more important social and political implications. That is, he throws light on the underlying "idea" of the TVA.

TVA-ism made its way into the American "way of life" by way of economic promises: it would light up a dark continent; it would prevent losses due to floods; it would bring productive activity into a somnambulant area and thus, by extension, would improve the national economy. (Incidentally, but this was an afterthought, it would help win the war.) Its sponsors vigorously denied any affinity for doctrinaire Socialism. On their own say-so, they were 100 per cent Americans and would lay down their lives to preserve the freedoms guaranteed us by the Constitution. The fact that the Government's entry into the electric power business did skirt around the Constitution was airily waved aside by a "loose" interpretation.

Experience has denied every one of the promises. Unless, as TVA apologists do, you substitute bureaucratic metaphysics for sound accountancy, dumping known losses and hidden costs into an amorphous "public good" account, whence it is absorbed by the taxpayer, you must declare the business a flat failure. No honest bookkeeper could do otherwise. And now we have the truth about TVA: it is not an instrument for the economic betterment of the country or any part of it (save the bureaucratic part), and is only an "idea". What is that "idea"? Just Socialism.

It is this emphasis on the socio-political philosophy underlying TVA that particularly commends the book; it deserves wide reading, especially among those who have been brought up under TVA-ism. There is bibliography enough in the back of the book to support the argument that TVA is not what it was cracked up to be: it is an engineering monstrosity; as an instrument for flood control it is of doubtful value; it has taken out of use permanently more land than was occasionally subjected to inundation; it has not improved navigation; its contribution to the national defense was negligible; above all, it is a drain on the national economy out of all proportion to its contribution to the general welfare, if any. All of which simply reinforces the obvious, that incompetence is inherent in political management. Hence, while covering the ground in sufficient detail to prove the point, Dean Russell devotes the better part of his space, and talents, to the main issue.

One chapter deserves special mention, because it touches on the real cause for the progress TVA-ism is making in America. The chapter is called "The Power Lobby". Mr. Russell tells us that there are really three power lobbies in Washington: one consisting of bureaucrats and collateral Socialists who are all for bigger and better TVA's; then there are the power companies fighting for their existence; finally, and this one is gaining in influence, he tells us, there is a compromise group. The compromisers are in favor of the government building and operating hydroelectric plants, but insist that the delivery of electricity to consumers be done by private companies under a leasing arrangement. That is, the profitable part of the business should be assigned to the utility companies, while the uneconomic part (if it were economic private capital would long ago have built these plants) is to be loaded on the taxpayer. It is a naive proposition in that it presumes the possibility of delimiting political intervention; our industrialists have not learned the lesson Hitler taught his industrialists. The significance of the compromise "power lobby" is in its demonstration of the willingness of Americans to sacrifice principle for a profit. To put it bluntly, Americans put a higher value on a penny than on freedom -- and that is why TVA-ism is making headway.